



Department of Justice

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**NORTHERN VIRGINIA REAL ESTATE SPECULATOR INDICTED IN
BID RIGGING SCAM**

WASHINGTON, D.C. -- A federal grand jury today indicted a northern Virginia real estate speculator for participating in a criminal bid rigging scheme to hold down prices at residential real estate auctions in northern Virginia, the Justice Department announced.

Thus far, 18 individuals and one corporation from Washington, D.C. and Virginia have pleaded guilty or were convicted as a result of the Justice Department's ongoing antitrust investigation into foreclosure auction bid rigging.

The three-count indictment, filed today in U.S. District Court in Alexandria, charges Lawrence L. Rosen of Falls Church, Virginia, with bid rigging, mail fraud, and obstructing tax enforcement. Rosen is charged with conspiring with a group of real estate speculators who agreed not to bid against each other at real estate foreclosure auctions in northern Virginia.

According to the charges, the conspirators suppressed bidding at public auctions, allowing a designated bidder to purchase property. They would later meet secretly to hold a second auction in which each conspirator bid an amount above the public auction price. The conspirator who bid the highest amount

won the property. That amount was the group's illicit profit, and was divided among the conspirators in payoffs made later.

Rosen was charged with mail fraud in connection with mailing payoffs, and conspiring to obstruct tax enforcement by agreeing to conceal bid rigging payoffs by making them in cash.

Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division, said, "This case is the next step in our ongoing aggressive efforts to stop this type of bid rigging scam that victimizes homeowners who are already in a tough spot -- facing foreclosure. We will continue to investigate and prosecute vigorously, with help from the FBI and the IRS."

Twelve individuals and one corporation were convicted from 1989 to 1991 after the Department's previous investigation of real estate auction bid rigging in Washington, D.C.

In January of this year, Mija S. Romer and Khem C. Batra of northern Virginia, were convicted after trial on charges of participating in the same bid rigging conspiracy charged in the Rosen case. Four other real estate speculators from northern Virginia -- Alexander Giap, Leo Gulley, Donald Kotowicz and G. Frank Stinnett -- have pleaded guilty as part of this same scheme.

Rosen's involvement in the northern Virginia bid rigging scheme began as early as October of 1991 and continued through April of 1995, the Department said.

The Department's Antitrust Division and Helen F. Fahey, U.S. Attorney in Alexandria, worked jointly to bring about today's charges.

Klein said the northern Virginia antitrust investigation, which is being conducted by the Division's Litigation I Section with the assistance of the Federal Bureau of Investigation and the Internal Revenue Service, is continuing.

Rosen faces imprisonment of up to 13 years and fines of up to \$850,000 or more depending on losses created by the crime.

The maximum penalty for an individual convicted of a Sherman Act bid rigging violation committed after November 16, 1990, is three years imprisonment and a fine of the greatest of \$350,000, twice the pecuniary gain the individual derived from the crime, or twice the pecuniary loss suffered by the victims of the crime.

The maximum penalty for an individual convicted of mail fraud is five years imprisonment and a fine of the greatest of \$250,000, twice the pecuniary gain the individual derived from the crime, or twice the pecuniary loss suffered by the victims of the crime.

The maximum penalty for an individual convicted of tax enforcement obstruction is five years imprisonment and a fine of the greatest of \$350,000, twice the pecuniary gain the individual derived from the crime, or twice the pecuniary loss caused by the crime.